Kuch

G. R. S. [X-5]

*Previous references.*

Legis S-18 80:1-11,

File No. 32-18

1918.

Serial Nos. 1-3

( 97 )

*Later references.*

P 69E

Mysore

B 11/14/41

# GENERAL AND REVENUE SECRETARIAT.

---

*Serial Nos.* 3

**Part B for** March 1919

---

SUBJECT.

Paper currency for Mysore

---

W D 1250—GPB—30,000 28-1-19

G.R.S. 11] 1918-19

GENERAL AND REVENUE SECRETARIAT.

( G.-7. )

NOTES.

File No. 32-18

FILE HEADING.

Paper Currency for Mysore

From

| No. | Dated | Received |
|---|---|---|

| Diary No. | Enclos. | Spare Copies. | Serial No. |
|---|---|---|---|

BRIEF ABSTRACT OF LETTER.

NOTES AND ORDERS.

NOTES—First Sheet.

GPB—30,000—12-8-11

(4)

A/S Finance

Article 12 of the Mysore Treaty refers only to coins and runs thus:

"The coins of the Government of India shall be a legal tender in the said territories in the cases in which payment is made in such coins would, under the law for the time being in force, be a legal tender in British India: all laws and rules for the time being applicable to coins current in British India shall apply to coins current in the said territories. The separate coinage of the Mysore State, which has long been discontinued, shall not be revived.

In this there is nothing about forms of currency other than coins for example, about currency notes, etc.

2. I want to examine in detail the position in Mysore as regards currency notes and coins legislation. Under what law are British Indian currency notes legal tender in Mysore? The Mysore Coingge regulation may also be put up. The whole position should be reviewed with a view to find out if any changes are necessary in Mysore.

3. It should be particularly stated as to whether there is ~~no~~ any objection to our having a system of paper currency of our own. It may be either State currency notes, or the Bank notes, issued by the Bank of Mysore -- under agreement with Government. The attached D.O. to Hyderabad may issue. On receipt of the reply it will be considered if the Hyderabad procedure will be of any help

to us

5. The case should be treated as confidential and urgent.

D.O. referred to above.

No 2L7298
30-5-18

I

My dear Hydari,

Is it a fact that Hyderabad has got its own system of currency notes? If so, would you kindly obtain from the Officer concerned the rules and procedure relating to the issue of such notes and send me copies of the same? I heard in Calcutta that an Officer from your State had been to Calcutta to study the British Indian paper currency system.

Yours sincerely,

29.5.18

# REGULATION NO. VII OF 1900.

(Passed on the 20th day of July 1900.)

A REGULATION TO AMEND THE LAW RELATING TO LEGAL TENDER AND COINAGE IN MYSORE.

Whereas it is expedient to amend the law relating to Legal Tender and Coinage in Mysore; Her Highness the Maharani-Regent is pleased to enact as follows:—

Preamble.

Short title.

1. This Regulation may be called the Coinage Regulation, 1900;

Extent.

It extends to the whole of Mysore; and

Commencement.

It shall come into force, with effect from the date of the passing thereof.

Government of India coins to be legal tender in Mysore as in British India.

2. The coins of the Government of India shall be legal tender in Mysore in the cases in which payment made in such coins would, under the law for the time being in force, be legal tender in British India;

British Indian coinage laws to apply to coins current in Mysore.

And all laws and rules for the time being applicable to coins current in British India shall apply to coins current in Mysore.

Repeal of Act XXIII of 1870.

3. The Indian Coinage Act, 1870, as extended to Mysore by the Notification of the Government of India, Foreign Department, Finance, No. 436, dated the 22nd November 1870, is repealed.

K. SHESHADRI IYER,
*Dewan of Mysore.*

---

July

1) Copy of Regln VII of 1900 put up also copy of Unrepealed Acts Vol VI containing The Indian coinage Act & Paper currency Act obtained from Branch III

2) D.O C. No Hy/III issued by Branch III will please state under what rule or authority currency notes are legal tender in Mysore.

Chief Comms notification No 658 S/7-2-1879 with regard to Paper currency in the Town & Cant of Bangalore is put up. Branch III State that there is no other legal instrument in force in Mysore on

Rep'd

NOTE—Contn. sheet.

247 H 2 03042 5)

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat. | Q. 7. File No. 32 of 1918

Serial No.

on the subject.

Vide memo of 29.5.18

Reminder to Mr. Hydari first of his memo may kindly be issued and the file ret^d for submission to H Secy

15.7.18

15/7

Reminder issued and the file received.

16.7.18

16/7/18

162/47

D.O. No. 159-P of 4-6-18 from Mr. Hydari — States that Hydrabad has started its own paper currency, and that he has asked the Acct. Genl. to send him the rules

D.O. No. 71. 283 of 15-7-18. to Mr. Hydari - Reminds him to send the rules early

D.O. of 16-7-18 from Mr. Hydari encloses a copy of the Acct. Genl's reply on the question

D.O. of 27/7/18 from Mr. Hydari forwards a copy of the Paper Currency Act

NOTE—Contn. sheet.

Vol 23 commenced from here Vol VI

588/5/16

6)

G. R. S. 12]

General and Revenue Secretariat. | G. 7. File No. 32 of 1918

Serial No.

Vide D.O. to Govt Advocate noted Put up after a reply from him is received

GVZ

18/9/

civil Secty file — Legis Legislating Br. Currency notes in Mysore

+ D.O. No. 720 & 72-8-18. — To the Govt. Advocate. — Enquires whether Govt. of India currency notes are legal tenders in the State except Bangalore city

+ D.O. No. 11 & 12-8-18 — From the Govt. Advocate. — States in reply that currency notes are not legal tenders except in Bangalore city and that legislation on the subject is urgently needed.

Subd

Advocate

13/8/18.

406/14/8

(1) The papers connected from my D.O. of 1.8.18 to Govt Advocate are seperated & made into a seperate file. N/S will please deal with that file as an immediate matter.

(2) The question referred to in the last para of my note on the other file may be dealt with in this file. Govt Secy —

NOTE—Contn. sheet.

GPB—70,000—17-12-15

Serial No.

will kindly put up a brief note by the end of this month.

18/11/18

Subd. In these days of ~~British~~ currency notes — scarcity and want of silver, the necessity for having a system of our own paper currency seems to be a very essential need. This will also save some trouble to the British Govt., as they would then be freed from the necessity of supplying us with currency notes, esp. in times like the present when owing to shortage of tonnage and enemy action in the high seas, the transhipment of notes to India has been much hampered.

2. This will also enable the State to devote more of its funds in future on education, economic progress and on major works, as the currency reserve needed on hand will always be much less than the total amount

NOTE—Contn. sheet

GPI—50 000—17-12-15

8)

WD 1233—GFB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat. | 9.7. File No. 32 of 1918:

Serial No.

notes in urendation.

If approved, a draft to the — Residency to obtain the opinion of India Govt; will be put up.

29/8/18.

This is not the sort of note that is expected from the branch —

The points raised are two as in the 7 a.d.

Complete information to the extent readily available shd be put up as affecting the 2 questions —

The latest act in re Of currency notes shd be obtained and placed in englh.

We have to study the opinion of the issue of Bank notes as in England —

what are the conditions, and under what circumstances will the opening of new currency offices by the Govt be possible —

These put up on a 2 currency office reports —

The question is important and a complete note cannot be prepared without full information — If any extension of time will be obtained.

Please put up on Saturday. 31.8.18

29.8.18

1- Govt of India Paper Flag S
& currency
2- Indian Paper Currency Act — G
3- H.H. The Nizam's Govt's Paper Currency Act T

Govt of India. H.

Govt. of India Report for 1915-1916 Flag U

15

NOTE—Contn. sheet.

G. R. S. 12]

General and Revenue Secretariat.

G. 7 File No. 32 of 1918.

Serial No.

Date drawn up 9/11
Legislative Secretary U

P. U. E

A copy of the currency act of 1910, together with a copy of the recent amendment to it is put up.

A copy of the Government of India Report on the Currency Department for 1915-1916 Operations of the is also put up.

Two proposals are open to us :-

(1) Either to have our own system of paper currency ; or

(2) To request the Government of India to establish a currency office here.

In case the Government of India permit us to have our own paper currency, there are 2 methods by which currency may be introduced :-

S

(a) Either through the Bank of Mysore by authorising them to issue notes as is done by the Bank of England, or

(b) Government may issue their own notes.

From the papers relating to the issue of paper currency in India, it will be seen that it is better not to entrust the Bank with the issue of their own notes especially in a country like India. The credit of Government is the highest in the State, and as notes are legal tender, it is better if Government themselves issue the notes.-- Further, banks are liable to failure, and so the confidence in Banks is not so great as in the case of Government, with the result that Bank-issued notes are liable to fall in value

NOTE—Contn. sheet.

GPB—20,000—30-6-15

G. R. S. 12]

General and Revenue Secretariat. | G. F File No. 32 of 1918.

Serial No.

Above all, in a country like India, where most of the people are not aware of the system of the working of Banks, Bank-issued notes will never be popular.

Hence whatever may be the conditions, that have made the Bank of England, a success, it is impossible in a country like India to achieve the same success. The Bank of England is a very wealthy establishment of 2 and ½ century standing, while the same cannot be said of our Mysore Bank, which was started only a few years back and has therefore to face all the early risks attendant upon newly opened banks. To make such a new bank, the instrument of supplying a paper currency, may prove to be a danger.

But this does not prevent us from making the Bank of Mysore the agency for the circulation of currency notes.

But in case, the Government of India are not willing to consent to our proposal, the other alternative is to request them to establish a currency office here

But as there is a currency chest at Bangalore, it is for consideration whether the Government of India will agree to this proposal

If approved, the Government of India may be

NOTE—Contn. sheet.

GPB—20,000—30-6-15

ND 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat. | G. F File No. 32 of 1918.

Serial No.

consulted, in the first instance, as to their views in the matter of Mysore having its own notes.

Bub-d
16-9-18.

NOTE—Contn. sheet.

AD 1233—G U B—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat. | G.7 File No. 32 of 1918.

Serial No.

A note on the above lines is ~~drafted~~ put up and subd for ~~approval~~ orders.

88
1691
MM

Refer - Paper under disposal.

The proposal to approach the G.I. Chemist to have on our currency notes seems worth pursuing -

I do not think that Bank notes will be appreciated by the people in this Country, who have not sufficiently advanced in Commercial and banking enterprises - To inspire confidence in the ~~advantage~~ masses the Notes shd have the credit and the guarantee of the Govt behind it them In other words they shd be declared as 'Legal tender'

2. The paper currency in British India was introduced on 1st March 1862 prior to which date the Presidency banks had been allowed to issue their own notes. At first the issue branch alone was under the control of G.I., and the work of the ~~two~~ work of the Exchange branch was performed by those banks. viz. L. 30.12.65 in Bengal, and 28.2.67 in Bombay & Madras -

NOTE—Contn. sheet.

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat. | G.P. File No. 32 of 191 8-19

Serial No.

1D

3 According to the regulation of 1899 as in force in the Town and Cantonment of Bangalore in the Province of Mysore, Madras circle notes are legal tender-
No person in the said town and Cantt shall draw, accept, make or issue any bill of exchange or promote payable otherwise on demand

4. Under the law as it stands there seems to be no prohibition to the Govt. of Mysore issuing C. notes in any part of the State other than Bangalore. But as such notes have to be accepted by persons residing in Bangalore, permission of the GI and previous amendment of the Statutory rule on the subject are necessary before this Govt. can take any action-

5. Under the present conditions and in view of the fact that Hyderabad has issued C. notes of its own to circulate side by side with British currency, the GI may not have any objections to our having a paper currency for local circulation-
In fact the paper currency is mainly intended for local circulation, and various devices are adopted to minimise the possibility of having to transport Specie from place to place when currency

NOTE—Contn. sheet.

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat. | G. F File No. 32 of 191 8-19

Serial No.

Notes are used for remittance purpose and presented for exchange at places other than the Office of issue.—

6. We may perhaps begin with very small notes - say Sum as 4 & - Rs 10 - for the present -

The silly five notes may circulate along with G.I. notes of corresponding value, & then gradually as confidence

the Securities are quite as popular as G.I. securities, and there is no reason why C. notes shd not be so -, if they are declared as legal Tender -

7. I have placed in the file a & Sample of the Hyderabad Ten Re - which I have obtained privately -

(Given to P.S. personally by T/S)

F
Mr Denis of Indexi
D 11-7-1918.

My attempts to get the Portuguese India & Goa notes have not yet been successful -

If I succeed get one of them I shall submit it separately

8. The papers are submitted ~~for consideration~~ with all expedition duly flapped

187
25-9-18

Henry)

750
25/9

Confidential

If we are to have a system of Currency notes of our own they must be issued by the Govt. of H.H. the Maharaja

NOTE—Contn. sheet.

D 24 7 15)

G. R. S. III-2j

General and Revenue Secretariat. | G/7 File No. 302 of 1918/19

Serial No.

direct The issue of a bank will not command such confidence.

2) I have prepared a draft which is put up herewith. It may be considered in council if 1st Member & Dewan Sahib agree.

3) This is a subject on which preliminary informal talk with the Hon'ble the Resident & his support will be very helpful. [The Govt of India may not be willing to accede to such a proposal at first and difficulties may be pointed out & questions asked. However if the question is brought under discussion we may try to meet any objections that may be raised and may succeed in the end.]

27.9.18.

1st Member & Dewan

Hon'ble Mr. Legge

Hon'ble Mr. Travis Mayne

Lees

30/9

30/9

Taken up to Council & discussed. The Council desired that the papers may be disposed of by circulation. To Mr. Legge with compliments for favour of necessary action.

30/9

1/10

Circulate

2/10/18

NOTE—Contn. sheet.

(6)

WD—A2089—GPB—500—1-5-18

C·291

G. R. S. III–2]

General and Revenue Secretariat.

G.7 File No. 32 of 1918

*23. As soon as circulation is complete and the opinion of the Council is recorded, the file will be forwarded to the Secretary in the Department concerned for transmission if need be to the Financial Secretary under Standing Orders and for submission to the Dewan or Member in charge.

Forwarded with compliments to the Secretary to Government Financial Department under *Rule 23 of the Subsidiary Rules of Council Business.

By Order,

For Chief Secretary to Government.

Submitted with reference to para 3 of my note dy 27.9.18 & the 2nd Member's minute on the circulation sheet. The line of action to be taken now may be kindly decided. If official action is to be taken, a draft is on the file. If unofficial presentation is decided upon a D.O. to the Hon'ble the Resident will be put up. The chances of success will be greater if prompt action is taken by us. For the case for small notes for practical use is very strong under the present circumstances of shortage of small coin. My humble suggestion is to send the official letter above & follow it up with connected D.O. correspondence with the Hon'ble the British Resident.

12.10.18

1st Member

1626
14.X.18. Dewan

I agree with the above
14/10/18

15.10.18

Dewan

NOTE.—Cotn. Sheet.

G. R. S. III-2)

General and Revenue Secretariat.

G-7 File No. 32 of 1918/19

Serial No.

This may be circulated & brought up at the next Council meeting

19.10.18 RC

To Ch. Secy with compliments

M
19/10/18

Read
A
21.10.

I thinks suggest an informal preliminary Conversation with the Hon'ble the Resident before any formal communication in the matter issues & D.O. letter can be sent in later as a reminder if necessary

Read
21.10.18

NOTE—Contn. sheet.

C.191 (18)

Introduction of paper currency in the Mysore State.

G. R. S. III-2]

General and Revenue Secretariat. | G. F File No. 32 of 1918.

Serial No.

Instructions in Council on 29-10-1918.

draft may be put up representing the great difficulty that is felt owing to insufficient supply of small coins and notes and asking for an immediate supply. It may at the same time be suggested that in order to meet the difficulty action on the lines indicated in the draft already put up may be taken. The substance may be embodied in a Memorandum

...

Forwarded, with compliments, to the Financial Secretary to Government, for necessary action.

Chief Secretary to Govt.

31.10.18

Please put up a draft send.

31/10

Portugese currency note of Rs 4, as, 8 & Rs, which Shame Bros obtained are enclosed.

Put up a typed draft with the reference quoted

5/11.

NOTE—Contn. sheet.

Typed draft

6/11/18

WD A 1763—GPB—60,000—20-3-19—S.

( Re-circulated )

at the next meeting)

(For Disposal ~~by Circulation~~)

No. C. 291.

.....6.:.10.....1918.

# GENERAL AND REVENUE SECRETARIAT.

## COUNCIL MATTER.

---

## SUBJECT

Question of introducing a system of paper currency for the State.

RE- CIRCULATED TO THE MEMBERS OF COUNCIL.
( as ordered by the Dewan on 19th October 1918)

By Order,

C Balasundaram
Chief *Secretary to Government.*

2nd. October .....*191* 8.

---

**Extraordinary Member of Council.**

**First Member of Council.** Seen. 30.9.18 Seen again 14.10.18.

6y 22.10.18. 8.10.18

**Second Member of Council.** I would suggest a further discussion as proposed in para 3 of this note before a formal reply letter is sent to

1145-88 6.10.18

**Extra Member of Council.** C.J.M. 7.10.18

Opinion recorded 21.10.18.

C.P.—2870—Gn.P.—1,000—11-5-17

(Urgent case) C. 291

# Introduction of Paper Currency in the Mysore State

The draft letter & memorandum were read out & generally approved in Council. They may now be formally approved by circulation for submission to

H. H.

7/11/18

To Chief Secy with compliments

Circulate

8/11/18

18
8/11/18

THE
RE-CIRCULATED TO/MEMBERS OF COUNCIL

178
12-11-18

8/11/18

1635-155
14-11-18

Copies of file
11/11/18

Approved
13-11-18

Approved.
VS. 11. 18

C. 291 WD—A2089—GPB—500—1-5-18

G. R. S. III-2]

General and Revenue Secretariat.

G.F File No. 32 of 1918-19

23. As soon as circulation is complete and the opinion of the Council is recorded, the file will be forwarded to the Secretary in the Department concerned for transmission if need be to the Financial Secretary under Standing Orders and for submission to the Dewan or Member in charge.

Forwarded with compliments to the Secretary to Government, Financial Department under Rule 23 of the Subsidiary Rules of Council Business.

By Order,

C S Balasundaram
*Chief Secretary to Government.*
15.11.18

1015
16/11

ups Fin
D.F.N & D.S.N

Currency Notes with cash section.

When the case goes up to H.H. samples of Hyderabad & Portuguese India notes shd be placed on the file

18
16/11

H.H. N already

+P.S.D
No 2
Limited file.

D.F.N & D.S.N both
H.H.
18/11/18
(Fdsey)

1059
20/11

18
19/11/18

ups

The receipt of the Residency letter dated 7.11.18 has rendered some alterations in the draft necessary. Please keep a typed copy of the draft as now revised in the file which Member & Dewan may approve while passing the D.F.N & D.S. The alterations are not so material as to require recirculation.

21/11. 21.11.18

Typist
20.11.18

NOTE.—Cotn. Sheet.

G. R. S. III-2j

General and Revenue Secretariat.

G. F. File No. 32 of 1918.

Serial No.

Typed draft is Subd as directed
Hov
22-11-18
HH (1st Minister) For approval of
D. F. N & clean
draft. Vide
Texts note of 21.11.18
R.
22.11.18

Revd draft return'd & F.N affd
HH
22/11/18

Fair final note signed by the Minister
is sent up
HH
23/11/18

Dewan) with O.S.N. R
23/11/18

2019
23.11

28/11
28 11

Please see the
civil Secy's note
as to placing samples
of Huzur's
on this note in the
safe when the
goes up to H H

To Mr. Madhava Rao
for placing the note
Hov
25/11

Note
Sent Separately to the Huzur Secy
for H.H. as per instructions of
the Financial Secretary
HH
26/11

NOTE—Contn. sheet.

Final Note by the First Member of Council.

---

Subject:—

Introduction of a paper currency for the Mysore State.

---

1. Considerable difficulty is being experienced for sometime past in obtaining supplies of whole rupees, currency notes of one rupee denomination and small coin for circulation within the State.

2. After carefully examining in detail the position in Mysore as regards currency notes and coin-legislation and studying the system of paper currency in the Native State of Hyderabad, the Financial Secretary has prepared a memorandum suggesting the desirability of having a local paper currency for the State, the Mysore notes circulating side by side with British currency notes and of approaching the Government of India for obtaining their permission.

3. The question was considered in Council and the draft letter to the Residency explaining the present situation and requesting that in the circumstances the approval of the Government of India may be kindly obtained to the Durbar having a system of paper currency for the Mysore State has been agreed to by the Members of Council. It may be approved.

Member of Council.

23rd November 1918

*Submitted to His Highness.*

I submit herewith a Final Note by the First Member of Council on the subject of the introduction of a system of paper currency in the Mysore State for His Highness gracious approval.

M. Visvesvaraya

3/12/1918

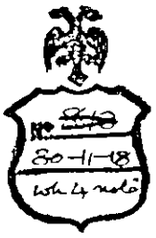
1872

C.291

Record of Cases submitted for the Orders of His Highness the Maharaja.

*Subject.*

8621




Proposals for the introduction of a system of paper currency in the Mysore State.

584

*Order.*

~~KRW~~

2/12/18

162
6-12-18.

2234
5/12/18

Immediate
necessary
5/12/18

2182-167
9-12-18.

Fin (Sarlas
4.12.18

RO
ep

ups fm

m
10/12

Today
18
11.12

G. R. S. III-2j

General and Revenue Secretariat. | 57 File No. 3L of 191 8.

Serial No. 2)

From the A Resident—
9308 1-2-19 — forwards a copy of letter from the Asst. Controller of currency stating that the Durbar's demand for specie is being complied with to the fullest possible extent

The Residency has not replied about the last para re introduction of Mysore currency Notes.

Subd forwds.

Hd 21. is merely a reminder. 572. since our letter to the Residency was sent. In reply to para 1 of 21. a copy of the letter of the Asst. Controller of Paper Currency is minuted, saying that the Durbar's demands for whole rupees & small coins, are being complied with. There is no reply to be sent to para 3 regarding the introduction of a Paper Currency system in Mysore. We may wait for it, till the end of this month, and then remind

H Secy

7.2.19

15th March

Note under the Secy's B/1 Folio overleaf

I had a talk with the H Secy Sept 8 on the Controller of Currency on the subject during my recent visit to [illegible] We may expect a reply shortly

NOTE—Contn. sheet.

Please put up after 15th March 1919

15/3

*Submitted to His Highness.*

I submit herewith, for His Highness' information, a copy of letter No. 2144, dated the 19th instant, from the First Assistant to the Hon'ble the Resident, intimating that the Government of India hope that, in the circumstances explained, the Durbar will abandon the idea of a separate note currency. I have already mentioned the matter in my demi-official letter No. P.23 of the 20th instant, to Mr. Campbell.

H. S. 19

D 2775

Record of Cases submitted for the Orders of His Highness the Maharaja.

## *Subject.*

Copy of Residency letter advising the abandonment of a separate note currency for Mysore.

H. H. No 197
21-3-19

965

## *Order.*

~~KRW~~
22/3/19

23.3

W/A – Link with main file –
12/4

18/4

3D

2045
2567

G. R. S. III-2)

General and Revenue Secretariat. | 9.7 File No. 32 of 191 8.

Serial No.

Resubd. No reply has as yet been received.

W
14/3
m

Fdesey) 18/15/8/19

× Put up about April 15th

m. 17/3

18/17/3.

2092/15/3

d. = Director General note 240 R.

For B April 15

3.) From A. Resident— 2144-S 19-3-19 states that Govt. of India do not think it necessary for Mysore to have its own paper currency.

Subd. with reference to the Finl: Secy's note of 27-9-1 para 3. and the opinion of the Council thereo

W
21/3.
m

Fdesey) 18/24.3.19

* Page 15 of the note

Case 18 of the note. 21/81/25/3

NOTE—Contn. sheet.

P. T. O

2567

G. R. S. III-2j

General and Revenue Secretariat. | G.C. File No. 32 of 1918.

Serial No.

PROPOSAL TO ISSUE MYSORE CURRENCY NOTES.

In our letter No. Pol.554 dated the 12th December 1918 to the Residency we asked for the approval of the Government of India for issuing local currency notes. In the Residency reply dated the 19th March 1919 the Government of India say that the proposal would involve practical difficulties and disadvantages and express the hope ~~(of the Government of India~~ that the Durbar will abandon the idea of a separate note currency

2. I set below the several reasons urged by the Government of India against the proposal and my remarks thereon:

| Extract from the Residency letter. | Reply. |
|---|---|
| 1. In the first place the exchange value of the note currency would be liable to fluctuate, not only as against the note currency of the Government of India within British India, but as against silver rupees within the State itself. Such fluctuations would be a cause of grave inconveniences to individual traders and merchants, and an impediment to trade generally. | The Mysore currency notes are not intended to circulate in British India but only within Mysore territories. The fear that the value of the Mysore note will fluctuate as against the note currency of the Government of India within British India is therefore unfounded.<br><br>As regards the apprehended fluctuation of the value of Mysore notes as against the silver rupees within the State itself, there is no reason to apprehend such fluctuation because the notes will be freely and readily converted in the Currency Office at Bangalore. With a restricted area of circulation as the Mysore State and free convertibility, there is not the least apprehension of the Mysore notes fluctuating in value to any appreciable extent from par. |

NOTE—Contn. sheet.

2567

G. R. S. III-2j

General and Revenue Secretariat. | G. R. File No. 32 of 1918.

| Serial No. | Extract from the Residency letter. | Reply. |
|---|---|---|
| 2. | The measure would in fact be retrogradde, and would involve the loss of the advantage of the uniformity of its currency with that of British India which Mysore at present enjoys. | There would be no loss of the advantage of the uniformity of currency between Mysore and British India. All British Indian coin will be current in Mysore. The British Indian currency notes will also be legal tender in Mysore. A Regulation has been recently passed making the British Indian notes pacca legal tender in the Mysore State. All people engaged in trade and business between Mysore and British India will employ the notes and coin which will be common to both British India and Mysore. The introduction of a purely local paper currency for circulation within the Mysore State cannot result in any inconvenience to any party. |
| 3. | In the second place, if the State were to keep a full reserve in rupees or British Indian notes against its own notes issued to the public, the present currency difficulties would be in no way relieved; | In the beginning it is the intention to keep a full reserve in rupees or British Indian notes against the Mysore note issue. But the issue of notes of smaller denomination, e.g., eight annas, would at times relieve the scarcity of small coin. The local note issue will also serve to familiarise the people with the use of paper money and with an office of issue at Bangalore the notes will be very readily convertible. To the extent that the actual money in circulation will be Mysore notes and the British Indian rupees will be kept in reserve, the wear and tear of the metallic currency will be avoided. |
| 4. | if it were not to do so, but were to leave a large margin of uncovered notes, difficulties might arise at any time in regard to the encashment of notes, and the State would have to apply for assistance, which the Government of India might be unable to give. | It is not the intention to leave at any time a large margin of uncovered notes. After full experience is gained, only a small fraction of the reserve will be invested and this fraction would be so fixed as not to lead to any difficulty for free encashment of notes. Every precaution will be taken so as not to inconvenince the Government of India with application for financial assistance. |

5.

NOTE—Contn. sheet.

2567

G. R. S. III-2j

General and Revenue Secretariat. | S. P. File No. 32 of 1918.

| Serial No. | Extract from the Residency letter. | Reply. |
|---|---|---|
| 5. | The maintenance of a convertible note issue may be regarded as practically impossible without a mint and the practical disadvantages attaching to the existence of a separate State coinage need hardly be referred to. | As notes are not proposed to be issued in Mysore in exchange for bullion the necessity of a mint as an indispensable adjunct to a note issue is not clear. The notes will be issued ~~for~~ to the public or to the treasuries only in exchange of rupees or Government of India notes, the whole of which in the beginning and ~~that~~ a large percentage at all times will be kept in reserve. Free encashment will therefore be ~~pursued~~ without any difficulty. possible Ceylon, Portuguese India & numerous Banks of issue in many countries issue notes but have no mint. |

3. In my note dated the 27th September 1918 I observed as follows:

"The Government of India may not be willing to ~~accept~~ accede to such a proposal at first and difficulties may be pointed out and questions asked. However if the question is brought under discussion, we may try to meet any objections that may be raised and may succeed in the end."

This is exactly ~~how it~~ what has happened. The Government of India do not say that they have any objection to our issuing local notes. They only point out that if we issue notes, we shall encounter certain practical difficulties and disadvantages. I have tried to shew above ~~if~~ how these difficulties and disadvantages may be avoided and if we press the matter again, ~~I may~~ and say that the Durbar are anxious to exercise this right which they undoubtedly possess, I do not see how the Government of India can

~~resist.~~

NOTE—Contn. sheet.

Serial No.

decline ~~resist~~. From a recent ~~Lately the Government of India in a~~ confidential correspondence it would appear that the ~~have expressed the~~ Government of India are anxious ~~solicitude~~ to allow the Indian States to exercise their ~~if~~ treaty rights to their fullest extent and if it is explained to them that apart from any financial advantage, the Durbar would regard the privilege of a note issue as the exercise of a valuable right which they enjoy -- under the treaty, ~~Thus~~ there is every reason to hope ~~show~~ that the Government of India will ~~accept~~.

4. I may state that when I was at Delhi towards the end of January last, I had the privilege of discussing the subject with Mr Howard, Financial Secretary to the Government of India, and Mr. Cook, Controller of Currency. All the points that are now contained in the Residency letter were discussed one by one and full explanations were given by me on each point. At the close of the discussion I ~~clearly~~ understood that those officers were satisfied with the explanations I gave and that no objection would be raised to the proposal by the Government of India in the Finance Department. Of course I was given to understand that the question was also to be considered in the Political Department which would consider the question from other than

NOTE—Contn. sheet.

2567

G. R. S. III-2j

General and Revenue Secretariat. | G.A. File No. 32 of 1918.

Serial No.

than financial standpoints (As the meeting was quite informal the contents of this paragraph may be kindly kept confidential.)

5. In the foregoing circumstances, it is a matter for consideration whether the question should not be pressed again. If the Government desire to press the matter, I shall prepare a draft reply to the Residency letter of the 19th March 1919 in which I shall try to meet the arguments contained in that letter on the lines indicated in this note. Or if so desired, the case will be kept ready with full notes for discussion during the ensuing visit of His Excellency the Viceroy.

M 12.4.19

I should like to know what these initials M.S. indicate. M 14/4/19

DEWAN'S OFFICE. Recd. on APR 14 1919 Reg. No. 6313

A. Subd. The file passed through me & I initialed for having been it. This is the usual procedure. If I should change 15/5/19. the practice. C.S.

Circulate. 17/4/19

CS 15/4/19

Dewan)

May be considered & I am to express the Chief Secretary's hope that the request will be refused by pleading the matter which is to be referred again

15.4

To Ch. Secy with compliments.

M 15/4

15/4

NOTE—Contn. sheet.

(For Disposal at a Meeting) No. C. 291

.....191....

# GENERAL AND REVENUE SECRETARIAT.

## COUNCIL MATTER.

---

## SUBJECT.

(Clause xii of the Schedule)

Question of introducing a system of paper currency for State.

## CIRCULATED TO THE MEMBERS OF COUNCIL.

By Order,

17th April .....191 9.

C S Balasundaramiyer
Chief Secretary to Government.

---

Extraordinary Member of Council. 30.4.19.

1244 / 23.4.19 First Member of Council. 10579

6426.202 / 22-4-19 Second Member of Council. 23.4.19

Temporary Member of Council.

WD 2670—GPB—1000—11-5-17

C-291

*Extract from the Proceedings of the* 489th *Meeting of the Council of His Highness the Maharaja, held at Bangalore on the* 13th May *19* 19

---

7. Subject.-Clause xii of the Schedule.

Question of introducing a system of paper currency in the State.

Opinion of the Council.

The matter may be dropped.

Ed. A.C. Banerji,
Offg. Dewan of Mysore.

"EXTRACT"

C S Balasundaram

*Chief Secretary to Government.*

WD 1148—GPB—1,000—23-12-18

C-291

2567

WD A2089—GPB—500—1-5-18

G. R. S. III-2]

General and Revenue Secretariat. G. R. File No. 32 of 1918

'23. As soon as circulation is complete and the opinion of the Council is recorded the file will be forwarded to the Secretary in the Department concerned for transmission if need be to the Financial Secretary under Standing Orders and for submission to the Dewan or Member in charge.

Extract from the Proceedings of the Council is put up.

Forwarded with compliments to the Secretary to Government, Financial Department, under Rule 23 of the Subsidiary Rules of Council Business.

By Order,

C S Balasundaram
*Chief Secretary to Government.*

2697/15

U/S

D.S.R. (Brief, reference to my detailed note will do)

M 15/5

15/5

~NRS

D.S.R. Submd:

Thd 15/5

Flags)

M

15/5

20/5

M 21/5

22/5

Dewan)

4.M.5

DEWAN'S OFFICE.
Recd. on MAY 22 1919
Reg. No. 7359

1

# Submitted to His Highness.

I submit, for His Highness' gracious perusal, the papers relating to the introduction of Paper Currency in the State.

P.H.D.

2. The First Assistant to the Hon'ble the Resident's letter of the 19th March intimating the views of the Government of India in the matter, has already been submitted to His Highness for information, on 21st March 1919.

Z

paras 28 to 32 of Pol. note

3. The Financial Secretary has since examined the reasons urged by the Government of India for advising the Durbar to abandon the idea of a separate note currency and prepared a note on 12th April 1919 suggesting that the question might be pressed again with the Government of India.

Para 32 of Pol. note

4. My view as recorded on 15th April 1919 was that no useful purpose would be gained by pressing a matter which is sure to be refused again.

B

5. The matter was considered in Council who have resolved that the matter may be dropped.

6. The resolution of the Council may be graciously approved.

Camp Fernhill,
24th May 1919.

24-5-19

**Record of Cases submitted for the Orders of His Highness the Maharaja.**

*Subject.*

Introduction of paper currency in the State.

H.H. No 400
24. 5. 1919.

1323.

*Order.*

K R M
27/5/19

Keep up
19.6

G. R. S. III–2]

General, and Revenue Secretariat.

M File No. C 291 of 191

Serial No

31. All urgent or confidential files returned with His Highness' orders may, in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

3. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members.

34. In all other cases, the files will first be circulated to the Members of Council at headquarters and, thereafter, to the Secretariat concerned for the issue of orders.

Circulated to the Members of Council for perusal of His Highness' orders before issue of orders. (*Vide* Rules 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council, Rules and Procedure)

C. Balasundaram 7/8

Chief Secretary to Govt.

Through the Secretary to Government,

Financial Department.

21/6/19 A.21/6

2080 23.6.19

FIRST MEMBER OF COUNCIL 23/6/19

8105-25/ 24.6.19.

SECOND MEMBER OF COUNCIL Reed 25.6.19

Third

5234 25.6.19

~~TEMPORARY~~ MEMBER OF COUNCIL.

NOTE.—Contn. sheet

WD 1573—GPB—500—4-3-19

D 25-7 42

G.R.S. III—3]

## Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

1) The currency office is now to be recorded. It is for orders as to what to do with the H.E.H Nizam's and Goa currency notes which were obtained for specimens. They are at present kept in the cash section. Perhaps they may be sent to the Museum.

42

30/6.) Magnesium-Bottle

Shop May you can the

Mrs

Mrs

Mrs

1

2567

G.R.S. III—3]

## Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

3) Submd. to the Chief Secy. for orders. thro' the Registrar

4) Please put up draft

4.7.19

5) Put up for kind approval

5/7/19

Refer Para 2 above

Chief Secretary

7.7.19

Please

4/7/19

*N.B.*—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

D 3328

Judicial, Police & General Secretariat
Hyderabad (Deccan) 4th June, 1918

No: 159-P

My dear Chakravarti,

Yes, Hyderabad has started its own system of currency notes. I am asking the Accountant General, Mr. Fakhruddin Ahmed to send you copies of the rules, and procedure relating to its issue. There is a Currency Act passed of which also I shall send you a copy.

Yours sincerely,

A Hyderabad

The papers were sent to
H Secy on 5-6-18

pm
7.6.18 Hemraj

Wed
8

No M 283 45

915-2
18

Financial Secretariat,

Bangalore, the 15th July 1918.

My dear Hydari,

Kindly refer to your letter dated the 4th June 1918. When may I expect the papers from the Accountant-General and the copy of the Currency Act ? It would be a great favour if their despatch is expedited.

Yours sincerely,

M. A. M. A. Hydari, Esq., B.A.

D 2647/18

Hyderabad, Deccan.

23rd July, 1918.

My dear Chakravarti,

In continuation of previous correspondence I send you herewith an English translation of our Paper Currency Act which has now been published in the Gazette. I do not suppose you want the rules.

Yours sincerely,

A. Hydari

D200

Hyderabad, Deccan.

16th July 1918.

My dear Chakravarti

In continuation of my letter No:159-P dated 4th June I enclose herewith a copy of the Accountant General, Mr. Fakhruddin Ahmed's reply. Our Act is on the same lines as the British Act: for the present we are going to have Ten rupee and Hundred Rupee currency notes and our Currency reserve will be two-thirds of the circulation.

Yours sincerely,

A Hyderabad

H. E. H. THE NIZAM'S GOVERNMENT

46

CURRENCY ACT .

ACT II OF 1327 FASLI

---------oOo-------

Whereas it is expedient to provide for the issue and regulation of Paper Currency: it is hereby enacted as follows:---

## P r e l i m i n a r y.

Short tile date of coming into force and extent.

1 . This act may be called the Paper Currer Act of H. E. H. THE Nizam's Dominions. It will come into force throughout the whole of the Dominions from the date of its publication in the Jarida.

## THE DEPARTMENT OF PAPER CURRENCY.

Department of Paper Currency for issue of Currency Notes.

2. There shall be a Department of H. E. H the Nizam's Government to be called the Departme of Paper Currency, whose function shall be the issue of Promissory Notes of the Government, to be called Currency Notes, payable to bearer on deman and of such denominational vales, as the Govern- ment may from time to time notify in the Jarida.

Commissioner and Head Commissioner of Paper Currency .

3. The Administrative head of the Departr will be the Commissioner of Paper Currency, who will work under the general control of the Head Commissioner of Paper Currency. The Accountant General shall be ex officio the Commissioner and the Assistant Minister, Finance, the Head Commissioner, of PaperCurrency.

Office of issue of Currency Notes .

4. The Office of issue of Currency Notes shall be located at Hyderabad.

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## SUPPLY AND ISSUE OF CURRENCY NOTES

Supply and distribution of Currency Notes.

5. The Head Commissioner shall arrange for the provision of Currency Notes of the denominational values prescribed under this Act, and the Commissioner shall be supplied with such Notes as he may need for the purposes of this Act.

Signatures to Currency Notes.

6. The name of the Head Commissioner, or the Commissioner shall be subscribed on every note, such name may be impressed thereon by machinery, and when so impressed shall be deemed to be a valid signature.

Issue of Currency Notes.

7. The Commissioner shall, on the demand of any person, issue, or cause to be issued currency notes of the denominational values prescribed under this Act, in exchange for the amount thereof in rupees or half rupees, which are legal tender under H.E.H. the Nizam's Government coinage act (act 3 of 1321 Fasli).

Issue of currency notes for certain securities, bullion or coins which are not legal tender.

8. The Assistant Minister, Finance, may from time to time direct that currency notes shall be issued to any amount equal to the value of B.G. gold, or silver coins, gold or silver bullion, or securities of the kind mentioned in section 9, such coins bullion and securities may be set apart as a reserve to secure the payment of such notes.

Kind and amount of the securities which may be held.

9. The securities mentioned in section 8 shall be the securities of the Government of India or of H.E.H. the Nizam's Government or of any company working or owning any Railway in H.E.H. the Nizam's Dominions.

Provided always that the value of such securities calculated at the paid price at the time of their purchase shall not exceed one third of the total value of notes in circulation at any time.

50

Trustee of the securities.

10. The securities mentioned in the last preceding section shall be held by the Head----- Commissioner

## CURRENCY NOTES WHERE LEGAL TENDER AND WHERE PAYABLE.

Currency Notes where legal tender.

11. A currency note shall be a legal tender at any place in H.E.H. the Nizam's Dominions for the amount expressed in the note payment of --

(a) any revenue or other claim, due to the Government, and

(b) any sum due by the Government or by any-body corporate or person in the Dominions;

Provided that at the office of issue the coins mentioned in H.E.H. the Nizam's Government coinage Act III of 1321 Fasli shall be paid instead of currency notes.

Currency Notes where payable.

12. A currency note shall be payable on demand at the office of issue.

## R E S E R V E.

Amount and nature of securities for the Paper Currency reserve.

13. Subject to the provision of section 9 the whole amount of currency notes at any time in circulation shall not exceed the total amount held at the time by theAssistant Minister, Finance, as a reserve to provide for the satisfaction and discharge of the said notes in any of the forms mentioned below:---

(1) Rupees or half rupees of H.E.H. the Nizam's Government

(2) Gold or silver coins of the British Government.

(3) Value of gold or silver bullion and securities

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and the said notes shall be deemed to have been issued on the credit of the Government as well as on the security of the said coins bullion and -- securities;

Provided that for the purpose of this section, currency notes of any denominational value not exceeding one hundred rupees not presented for payment within 50 years, and notes of any denominational value exceeding one hundred rupees not --- presented for payment within 100 years from the first day of Azoor following the date of their issue, shall be deemed not to be in circulation;

Provided further that all notes which will be deemed under the first proviso to this section as not being in circulation shall be deemed to have been issued on the credit of the Government, and shall, if subsequently presented for payment, be paid from the Revenue of the Government.

Power to sell securities and alter constituents of the Reserve.

14. Subject to the condition that the provisions of section 13 are not contravened in any way, the Assistant Minister, Finance, may ~~transfer~~ if he thinks expedient, sell or transfer the securities held in the Paper Currency Reserve or --- convert any portion of the Reserve from one form into another.

## PRIVATE BILLS PAYABLE TO BEARER ON DEMAND.

Prohibition of issue of ~~private~~ private bills or notes payable to bearer or demand.

15. No person in the Dominions shall draw, accept, make or issue any bills of exchange, --- hundi, promissory note or engagement for the payment of money payable to the bearer on demand, or borrow, lend or obtain any sum of money on such bill, hundi or note.

Provided that cheques or drafts, payable to

the bearer or demand or otherwise, may be drawn on bankers, shroffs, or agents, in respect of such money belonging to the drawers, bankers, shroffs or agents .

Penalties for issuing such as may be deposited with or under the control of such bills and notes and failing of complaint.

16 . (1) Any person contravening the provisions of sections 15 shall, on convinction by a Magistrate of the first class, be punishable with a fine equal to the amount of the bill, hundi, note or engagement in respect whereof the offence has been committed.

(2) Every complaint under this section shall be filed by the Commissioner.

## MISCELLANEOUS ORDERS.

Abstract of accounts .

17. As abstract of the account of the Department of Paper Currency shall be prepared for each month by the Commissioner and published as soon as possible in the Jarida. It shall contain the following particulars:--

(1) the total amount of currency notes in circulation,

(2) the number of the coins of H.E.H. the Nizam's Government, the number and value of the coins of the B.G. the number of bars of silver or gold separately, together with the price paid for their purchase held as reserve.

(3) the nominal value of, and the price paid for, the securities held as Reserve.

Accounts of Receipts and expenditure of the Department.

18. An account showing the amount of interest according on the securities held as part of the reserve under this Act and the expenses and charges incidental to the maintenance of the Department of the Paper Currency shall be rendered annually by the Commissioner to the Government.

Power to make rules.

19. (1) The Government may make rules to carry

52

out the objects of this Act.

(2) Such rules may deal with the following matters amongst others:--

(a) fixing the amounts for which currency notes may be issued,

(b) fixing and notifying the conditions upon which ~~the lot~~ lost or mutilated -- currency notes may be paid at the office of issue,

(c) fixing the rate at which the value of gold and silver coins of the B.G. will be calculated.

(3) Every such rule shall be published in the Jarida, and on such publication shall have the same effect as if enacted in this Act.

**********

/ TRUE COPY /

M. A. M.

Ali Anwar Khan
OFFG: SUPERINTENDENT,
ENGLISH BRANCH,
ACCTT: GENERAL'S OFFICE.

No Pol. 554 / 12.12.18 53

G 7 32-18-1

To

The First Assistant to the

Hon'ble the Resident in

Mysore.

---

Sir,

I am directed to invite reference to the correspondence ending with your Memorandum No.7617/dated 7th November 1918 forwarding copy of a letter from the officiating Controller of Currency, and to assure the Government of India that the Durbar fully appreciate the difficulty of the present situation regarding the supply of coins and small notes as explained therein. At the same time the Durbar's Comptroller has brought to notice that out of his small coin indents for the months from August to November, the greater part viz: 5.59 lakhs has not yet been supplied and great difficulty is thsrefore felt in meeting the legitimate demands of the population of the State in this respect

The Durbar have received numerous representations from planters and other employers of labour pointing out the hardship caused to the labouring classes by the dearth of small coins and shortage of whole rupees and one rupee notes, and the situation in some parts of the State in this respect has been acute for some time past.

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It is therefore requested that as far as practicable the requisitions for whole rupees, one rupee notes and small coin of the Durbar's Comptroller who has been instructed to keep them at the lowest possible limit, may be promptly complied with.

2. In this connection I am directed to state that in order to meet the difficulty as regards the shortage of metallic currency in the State the Durbar propose introducing a system of paper currency for the Mysore State, the local notes circulating side by side with the Government of India notes. I am to enclose a Memorandum prepared on the subject with a request that the Hon'ble the Resident will kindly use his good offices in obtaining the approval of Government of India to the Durbar's proposals in paras 2 to 4 of the Memorandum.

P

I have etc.,

22/4/18

Financial Secretary to Government.

Clean draft of letter as approved by Secy

For formal approval
16
22/4

Hon'ble
Mr. G.P.N.

Memorandum on the subject of introducing a system of Paper Currency for the Mysore State.

---

1. Under Article 12 of the Mysore Treaty of 1913 the coins of the Government of India are legal tender within Mysore territories. But this clause is silent as regards paper currency. As a matter of fact, the currency notes of the Government of India are in ~~views~~ use to some extent within the Mysore State; but except in the City and Civil and Military Station of Bangalore they are not legal tender. By an order of Government of India No. 658 dated the 7th February 1899 notes issued under the Indian Paper Currency Act of 1871 from the Madras office of issue were made legal tender in the town and station of Bangalore. Under Part VI of the schedule attached to the Mysore Treaty, this order is still in force. But there is no law or administrative order under which Currency notes of the Government of India ~~or~~ are Legal tender in other parts of the Mysore State . It is proposed to remedy this defect by passing a regulation under which all currency notes which ~~all~~ are legal tender in the Madras Presidency should be legal tender in the Mysore State also (Vide letter No.Political 291 dated 20th September 1918 to the Residency.

Since passed and received the assent of H. H. the Maharaja on 19th November 1918.

2. Recently the Government of His Exalted Highness the Nizam of Hyderabad have introduced a system of currency notes for the Hyderabad State. The Government of Portuguese India have also issued currency notes for 4 annas, 8 annas and one rupee. Considerable difficulty has been recently experienced in obtaining supplies of currency notes of ~~small~~ one rupee denominations for circulation within the Mysore State. There is also great dearth of small silver, nickel and bronze coin. Representations on the subject have been received from Planters and other employers of labour and the situation in some parts of the State is represented to be acute. If Mysore has a system of paper currency of its own and small notes ~~of any denomination can be~~ are issued according to requirements, such ~~cases~~ difficulties will not recur in future. It is therefore proposed to start a system of paper currency for the state.

3. It is not intended that the circulation of currency notes of British India should be discontinued within the Mysore State. These notes will continue to circulate but it is felt that the people will not fully derive the advantages of a paper currency unless side by side with the Government of India Currency notes, there is a system of local paper currency. The proposed Mysore Currency notes will be convertible and the office of issue will be located in

in Bangalore.

4. If the general principle is agreed to, it is hoped that all details can be satisfactorily arranged within a short time. The Durbar at present print their own Revenue and Court fee stamps and it will not be difficult to devise safe and efficient arrangements for producing the notes and putting them in circulation. For the present the Durbar would like to issue notes of the value of Rs.10/-, 5/- Re.1/- and annas 4. The circulation of such local notes of low denomination would also afford appreciable relief to the Government of India during seasons of pressure as it will not then be necessary for the Mysore State to indent for notes and coin on the Government of India to the same extent as at present.

5. ~~Any profit which may~~ be derived by the circulation of Paper Currency within jurisdiction of the State legitimately belongs to it as under the Treaty the State is not debarred from issuing its own paper currency. Under the proposed measure only a part of this profit may acrue ~~to the State. In this view and also~~ in view of the convenience and advantage which the proposed measure is likely to secure for the population

of the State, it is hoped that the Government of India will have no objection to the proposal.

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11/11/18

6/11/18

G.P.N.

59

Memorandum on the subject of introducing a system of Paper Currency for the Mysore State.

---

1. Under Article 12 of the Mysore Treaty of 1913 the coins of the Government of India are legal tender within Mysore territories. But this clause is silent as regards paper currency. As a matter of fact, the currency notes of the Government of India are in use to some extent within the Mysore State; but except in the City and Civil and Military Station of Bangalore they are not legal tender. By an order of Government of India No.658 dated the 7th February 1879 notes issued under the Indian Paper Currency Act of 1871 from the Madras office of issue made made legal tender in the town and station of Bangalore. Under Part VI of the schedule attached to the Mysore Treaty, this order is still in force. But there is no law or Administrative order under which Currency notes of the Government of India are legal tender in other parts of the Mysore State. It is proposed to remedy this defect by passing a regulation[x] under which all currency notes which are legal tender in the Madras Presidency should be legal tender in the Mysore State also (Vide letter No. Political 291 dated the 20th September 1918 to the Residency.)

x Since passed; copy appended.

2. Recently the Government of His Exalted Highness the Nizam of Hyderabad have introduced a system of currency notes for the Hyderabad State. The Government of Portuguese India have also issued currency notes for four annas, 8 annas and one rupee. Considerable difficulty has been recently experienced in obtaining supplies of currency notes of one rupee denomination for circulation within the Mysore State There is also great dearth of small silver, nickel and bronze coin.

Representations on the subject have been received from Planters and other employers of labour and the situation in some parts of the State is represented to be acute. If Mysore has a system of paper currency of its own and small notes are issued according to requirements, such difficulties will not recur in future. It is therefore proposed to start a system of paper currency for the State.

3. It is not intended that the circulation of currency notes of British India should be discontinued within the Mysore State. These notes will continue to circulate but it is felt that the people will not fully derive the advantages of paper currency unless side by side with the Government of India Currency notes, there is a system of local paper currency. The proposed Mysore Currency notes will be convertible and the office of issue will be located in in Bangalore.

4. If the general principle is agreed to, it is hoped that all details can be satisfactorily arranged within a short time. The Durbar at present print their own Revenue and Court fee stamps and it will not be difficult to devise safe and efficient arrangements for producing the notes and putting them in circulation. For the present the Durbar would like to issue notes of the value of Rs.10/- Rs.5/- Re.1/- and annas 4. The circulation of such local notes of low denomination would afford appreciable relief to the Government of India during seasons of pressure as it will not then be necessary for the Mysore State to indent for notes and coin on the Government of India to the same extent as at present.

5. In view of the convenience and advantage which the proposed measure is likely to secure for the population of the State, it is hoped that the Government of India will have no objection to the proposal.

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R. O. 178. (a)—R. P. B.—11-1918.—1,000

MYSORE RESIDENT'S OFFICE,

*Bangalore,* 18th February 1919.

No. 930

A copy of the marginally noted letter, ~~with enclosure~~, is forwarded to the Financial Secretary to the Government of Mysore for information, with reference to para 1 & 2 of his letter No. Pol 554 dated the 12th December 1918.

No. Cy-237 / 155-18 dated 15th January 1919 from the Assistant Controller of Currency

*for* First Assistant Resident.

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Letter No. Cy.237/155-18, dated the 21st January 1919, from the Assistant Controller of Currency, Calcutta, to the First Assistant to the Resident in Mysore, Bangalore.

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With reference to your letter No. 17 dated the 3rd January 1919 regarding the requirements of the Mysore Durbar in specie and currency notes, I have the honour to state that the requisitions of the Durbar for whole rupees and small coins are being complied with to the fullest extent possible in present circumstances when the demands from all parts of India are very pressing and heavy The position as regards Re.1 notes is now better, and in this respect the demands of the Durbar can probably be more fully met by the Accountant General, Madras.

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"C O P Y"

Anderson

R E G I S T R A R.

cg

D 2567
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No. 2144 Enclos.

Civil and Military Station,

*Bangalore,* 18 March *1919*.

GEN. & REV. SECT. Fin. Secy. 19 MAR 1919

From

W.H.J. Wilkinson, Esqr., I.C.S.
First Assistant to the Hon'ble the Resident
in Mysore.

Pol. 1232 / 20.3.1919

To

The Financial Secretary to the Government
of His Highness the Maharaja of Mysore.

Sir,

I am directed to refer to para 3 of your letter No. 554-Pol, dated the 12th December 1918, regarding the proposed introduction of a system of paper currency for the Mysore State.

2. The Government of India, to whom the proposal has been referred, desire that His Highness's Government should be informed that there is now no shortage of one-rupee notes, and that the Government of India will do all that is possible to meet the Durbar's demands for small change, if they will specifically state their requirements.

The intfoduction of a local paper currency i Mysore would, in the opinion of the Government of India, involve practical difficulties and disadvantages of which the Durbar are perhaps not aware. In the first place the exchange value of the note currency would be liable to fluctuate, not only as against the note currency of the Government of India within British India but as against silver rupees within the State itself.



Such

Such fluctuations would be a cause of grave inconvenience to individual traders and merchants, and an impediment to trade generally. The measure would in fact be retrograde, and would involve the loss of the advantage of the uniformity of its currency with that of British India which Mysore at present enjoys. In the second place, if the State were to keep a full reserve in rupees or British Indian notes against its own notes issued to the public the present currency difficulties would be in no way relieved; if it were not to do so, but were to leave a large margin of uncovered notes, difficulties might arise at any time in regard to the encashment of notes, and the State would have to apply for assistance, which the Government of India might be unable to give. The maintenance of a convertible note issue may be regarded as practically impossible without a mint, and the practical disadvantages attaching to the existence of a separate State coinage need hardly be referred to

I am therefore to say that the Government of India hope that in the circumstances the Durbar will abandon the idea of a separate note currency.

I have the honour to be,

Sir

Your most obedient servant..

Wilkinson

I.S

First Assistant Resident

Fort William, the 7th February 1870

Regulation with regard to paper currency

No 658:- The Governor General in Council is pleased to mak following regulation with regard to Paper Currency in th Town and Cantonment of Bangalore in the Province of Mysore:

1.- Within the said Town and Cantonment, a note, issued und the Indian Paper Currency Act, 1871, from the office of Iss at Madras, within the Madras circle of Issue, shall be a leg tender to the amount expressed in such note in payment or account of any revenue or other claim to the amount of fiv rupees and upwards due to the State; or any sum of five rupe and upwards due by the State or by any body corporate or pers in the said Town and Cantonment.

2. No body corporate or person, in the said Town and Can ment shall draw, accept, make or issue any bill of exchange hundi promissory note, or engagement for the payment of money pable to bearer on demand, or borrow, owe, or take up any su sums of money on the bills, hundies, or notes payable to bear on demand, of any such body corporate or of any such pers provided that cheques or drafts payable to bearer on dema or otherwise may be drawn on bankers, shroffs, or agents by mers or institutents, in respect of deposits of mon in hands of ch bankers, shroffs, or agents, and held by them the credit and disposal of the persons drawing such cheques drafts.

3. Any bodcorporate, or person, committing any offence under the preding clause, shall on conviction before Magistrate of the rst class, be punished with a fine equa to the amount of the ill, hundi, note or engagement in respect whereof the offence committed. Every prosecution under this clause shall instituted by the Commissioner of the Department of issue at Mas, and all fines imposed may be recovered in the manner pribed by the Code of Criminal Proceedu

G. R. S. VI- -7/32]

SUBJECT.....

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*Diary No. of letter replied to*..... .....

GENERAL AND REVENUE SECRETARIAT

( )

*, the* *191*

*Date of issue* 21 July 19

*Signed by* W Greenway

**Section**

**File No.**

**Serial No.**

No. 7L496

To

The Manager

Mysore Bank Ltd

Sir,

I am directed to forward herewith the marginally noted currency notes and to request that their amounts may be realized and credited to Govt. account.

I have etc.

over.

+ one Hyderabad ₹10 Re. currency note

Portugese India — £4 9/, ₹8 9/ 1 Re notes

No 7L496 dt 21/7/19 Cdf 7-7-19 Ch Secy

Copy to Director for info

6-7-19

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TELEGRAPHIC ADDRESS:
"MYSOREBANK."

*All Letters to be addressed and remittances made payable to "THE BANK OF MYSORE, LD."*

D 437

# The Bank of Mysore, Ltd.,

*Bgre 21. 7. 1919.*

C. 13/624

*To*

*The Chief Secretary*
*Govt. of Mysore*
*Bangalore*

*Dear Sir,*

*I am favoured with your letter of* *date* *enclosing* one Hydrabad C/note for Rs 10/- and 3 C/notes of Portuguese India for Rs 1/12/-

*which, when realized, will be placed to the credit of* the Government a/c

*Yours faithfully,*

R. Ramaswamiah
*Manager.*

Thompson & Co.
Form Gl.-5,000/7-18.